

HOUSE BILL No. 1294

DIGEST OF INTRODUCED BILL

Citations Affected: IC 6-1.1-36-17.

Synopsis: Collection of tax upon disallowance of homestead deduction. Requires, in a county other than Marion County, additional tax proceeds collected by the county auditor after disallowing a homestead standard deduction to be deposited in the county general fund.

Effective: July 1, 2015.

Aylesworth

January 13, 2015, read first time and referred to Committee on Ways and Means.



First Regular Session of the 119th General Assembly (2015)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 2014 Regular Session and 2014 Second Regular Technical Session of the General Assembly.

HOUSE BILL No. 1294

A BILL FOR AN ACT to amend the Indiana Code concerning local government.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 6-1.1-36-17, AS AMENDED BY THE
2 TECHNICAL CORRECTIONS BILL OF THE 2015 GENERAL
3 ASSEMBLY, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
4 JULY 1, 2015]: Sec. 17. (a) As used in this section, "nonreverting
5 fund" refers to a nonreverting fund established under subsection (c).
6 (b) Each county auditor that makes a determination that property
7 was not eligible for a standard deduction under IC 6-1.1-12-37 in a
8 particular year shall:
9 (1) notify the county treasurer of the determination; and
10 (2) do one (1) or more of the following:
11 (A) Make a notation on the tax duplicate that the property is
12 ineligible for the standard deduction and indicate the date the
13 notation is made.
14 (B) Record a notice of an ineligible homestead lien under
15 subsection (d)(2).



The county auditor shall issue a notice of taxes, interest, and penalties due to the owner that improperly received the standard deduction and include a statement that the payment is to be made payable to the county auditor. The notice must require full payment of the amount owed within thirty (30) days. The additional taxes and civil penalties that result from the removal of the deduction, if any, are imposed for property taxes first due and payable for an assessment date occurring before the earlier of the date of the notation made under subdivision (2)(A) or the date a notice of an ineligible homestead lien is recorded under subsection (d)(2) in the office of the county recorder. With respect to property subject to a determination made under this subsection that is owned by a bona fide purchaser without knowledge of the determination, no lien attaches for any additional taxes and civil penalties that result from the removal of the deduction.

(c) ~~Each~~ **The county auditor of a county containing a consolidated city** shall establish a nonreverting fund. Upon collection of the adjustment in tax due (and any interest and penalties on that amount) after the termination of a deduction or credit as specified in subsection (b), the county treasurer shall deposit that amount:

- (1) in the nonreverting fund, if the county contains a consolidated city; or
- (2) if the county does not contain a consolidated city, **in the county general fund.**

~~(A) in the nonreverting fund; to the extent that the amount collected, after deducting the direct cost of any contract, including contract related expenses, under which the contractor is required to identify homestead deduction eligibility, does not cause the total amount deposited in the nonreverting fund under this subsection for the year during which the amount is collected to exceed one hundred thousand dollars (\$100,000); or~~

~~(B) in the county general fund; to the extent that the amount collected exceeds the amount that may be deposited in the nonreverting fund under clause (A).~~

(d) Any part of the amount due under subsection (b) that is not collected by the due date is subject to collection under one (1) or more of the following:

- (1) After being placed on the tax duplicate for the affected property and collected in the same manner as other property taxes.
- (2) Through a notice of an ineligible homestead lien recorded in the county recorder's office without charge.

The adjustment in tax due (and any interest and penalties on that



amount) after the termination of a deduction or credit as specified in subsection (b) shall be deposited as specified in subsection (c) only in the first year in which that amount is collected. Upon the collection of the amount due under subsection (b) or the release of a lien recorded under subdivision (2), the county auditor shall submit the appropriate documentation to the county recorder, who shall amend the information recorded under subdivision (2) without charge to indicate that the lien has been released or the amount has been paid in full.

(e) The amount to be deposited in the nonreverting fund or the county general fund under subsection (c) includes adjustments in the tax due as a result of the termination of deductions or credits available only for property that satisfies the eligibility for a standard deduction under IC 6-1.1-12-37, including the following:

(1) Supplemental deductions under IC 6-1.1-12-37.5.

(2) Homestead credits under IC 6-1.1-20.4, IC 6-3.5-1.1-26, IC 6-3.5-6-13, IC 6-3.5-6-32, IC 6-3.5-7-13.1, or IC 6-3.5-7-26, or any other law.

(3) Credit for excessive property taxes under IC 6-1.1-20.6-7.5 or IC 6-1.1-20.6-8.5.

Any amount paid that exceeds the amount required to be deposited under subsection (c)(1) or (c)(2) shall be distributed as property taxes.

(f) Money deposited under subsection (c)(1) or (c)(2) shall be treated as miscellaneous revenue. Distributions shall be made from the nonreverting fund established under this section upon appropriation by the county fiscal body and shall be made only for the following purposes:

(1) Fees and other costs incurred by the county auditor to discover property that is eligible for a standard deduction under IC 6-1.1-12-37.

(2) Other expenses of the office of the county auditor.

~~(3) The cost of preparing, sending, and processing notices described in IC 6-1.1-22-8.1(b)(9).~~

The amount of deposits in a reverting fund, the balance of a nonreverting fund, and expenditures from a reverting fund may not be considered in establishing the budget of the office of the county auditor or in setting property tax levies that will be used in any part to fund the office of the county auditor.

